

Since my last report dated February 13, 2002, the Congress has cleared and the President has signed the following acts that changed budget authority, outlays, and revenues for 2002: the Job Creation and Worker Assistance Act of 2002 (P.L. 107-147) and the Farm Security and Rural Investment Act of 2002 (P.L. 107-171). In addition, the Congress has cleared for the President's signature the Clergy Housing Clarification Act of 2002 (H.R. 4156), which changed revenues for 2002. The effects of these actions are identified in Table 2.

Sincerely,

DAN L. CRIPPEN,  
*Director.*

TABLE 2.—SUPPORTING DETAIL FOR THE SENATE CURRENT-LEVEL REPORT FOR ON-BUDGET SPENDING AND REVENUES FOR FISCAL YEAR 2002, AS OF MAY 21, 2002

|  | Budget authority | Outlays   | Revenues  |
|--|------------------|-----------|-----------|
| Enacted in previous sessions:  |                  |           |           |
| Revenues .....   | n.a.             | n.a.      | 1,671,726 |
| Permanents and other spending legislation <sup>1</sup> .....   | 991,545          | 943,568   | n.a.      |
| Appropriation legislation .....  | 1,008,487        | 996,258   | n.a.      |
| Offsetting receipts .....  | -322,403         | -322,403  | n.a.      |
| Total, enacted in previous sessions .....  | 1,677,629        | 1,617,423 | 1,671,726 |
| Enacted this session:  |                  |           |           |
| An act to amend the Higher Education Act of 1965 to establish fixed interest rates (P.L. 107-139) .....  | -195             | -180      |           |
| Job Creation and Worker Assistance Act of 2002 (P.L. 107-147) .....  | 6,049            | 5,820     | -42,526   |
| Farm Security and Rural Investment Act of 2002 (P.L. 107-171) .....  | 2,464            | 1,610     |           |
| Total, enacted this session .....  | 8,318            | 7,250     | -42,526   |
| Passed pending signature: Clergy Housing Clarification Act of 2002 (H.R. 4156) .....   |                  |           | (?)       |
| Entitlements and mandatories: Difference between enacted levels and budget resolution estimates for appropriated entitlements and other mandatory programs ..... | -17,019          | 2,489     | n.a.      |
| Total Current Level .....  | 1,668,928        | 1,627,162 | 1,629,200 |
| Total Budget Resolution .....  | 1,680,564        | 1,645,999 | 1,629,200 |
| Current Level Over Budget Resolution .....   | n.a.             | n.a.      |           |
| Current Level Under Budget Resolution .....  | 11,636           | 18,837    |           |
| Memorandum: Emergency designations for bills in this report .....  | 30,184           | 30,939    | 39,465    |

<sup>1</sup> Excludes administrative expenses of the Social Security Administration, which are off-budget.

<sup>2</sup> Less than \$500,000.

Sources: Congressional Budget Office.

Note: n.a. = not applicable; P.L. = Public Law.

#### H.R. 3009, ANDEAN TRADE PREFERENCE ACT

Mr. LUGAR. Mr. President, I wish to take a moment to discuss a security problem that exists in the Andean Trade Preference Act extension contained in H.R. 3009, as amended and passed by the Senate, and which must be addressed. The problem is that, in an understandable effort to support Andean economies by providing tuna export preferences, this bill unfairly harms the economies of Thailand, Indonesia, and the Philippines. Providing trade preferences to one ally, or regional bloc, at the expense of others is patently unfair.

The problem this bill creates for the Philippines, and for American interests in the Philippines, is particularly troublesome. The entire tuna industry in the Philippines is located in the southern region of Mindanao. It is in Mindanao that Muslim terrorist cells, with reported ties to al-Qaeda, are operating. In order to combat the terrorist threat in the southern Philippines, American troops have recently been deployed to Mindanao and are training Philippine forces to track down terrorists. Damaging the Philippines' tuna export market by tipping the scale in favor of other countries will damage the single largest employer and increase instability in the exact area where U.S. troops are deployed to help create stability.

If that were not enough, Mindanao's tuna industry was largely created by U.S. and other donor nations' assistance as a means to increase opportuni-

TABLE 1.—SENATE CURRENT-LEVEL REPORT FOR SPENDING AND REVENUES FOR FISCAL YEAR 2002, AS OF MAY 21, 2002

|                               | [In billions of dollars] |                            |   |
|-------------------------------|--------------------------|----------------------------|---|
|                               | Budget resolution        | Current level <sup>1</sup> | Current level over/under (-) resolution |
| On-Budget:                    |                          |                            |   |
| Budget Authority .....        | 1,680.6                  | 1,668.9                    | -11.6                                   |
| Outlays .....                 | 1,646.0                  | 1,627.2                    | -18.8                                   |
| Revenues .....                | 1,629.2                  | 1,629.2                    |   |
| Off-Budget:                   |                          |                            |   |
| Social Security Outlays ..... | 356.6                    | 356.6                      |   |

TABLE 1.—SENATE CURRENT-LEVEL REPORT FOR SPENDING AND REVENUES FOR FISCAL YEAR 2002, AS OF MAY 21, 2002—Continued

|                                | [In billions of dollars] |                            |   |
|--------------------------------|--------------------------|----------------------------|---|
|                                | Budget resolution        | Current level <sup>1</sup> | Current level over/under (-) resolution |
| Social Security Revenues ..... | 532.3                    | 532.3                      |   |

<sup>1</sup> Current level is the estimated effect on revenue and spending of all legislation that the Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made.

Source: Congressional Budget Office.

ties and provide jobs for former guerrillas. This effort succeeded and the majority of Muslim separatists in Mindanao have laid down their arms. Disrupting Mindanao's tuna industry will not only create economic instability in a strategically sensitive region, it will waste past investments of U.S. taxpayer money and could return some former Muslim fighters to their violent ways.

I see my colleague from Alaska, the ranking member of the Appropriations Committee on the floor. He may wish to say a word about this matter since he was responsible for bringing this issue to the attention of many Senators.

Mr. STEVENS. I thank my colleague and I agree with him about the seriousness of this matter. Senator INOUE and I became aware of this problem on a recent trip to Asia during which we met with officials in Beijing, Singapore, Jakarta, and Manila. All of our meetings had one common element—terrorism. Since that trip, Senator INOUE and I have been working to find a solution to this national security problem.

As many of my colleagues may know, radical elements in Indonesia are currently trying to dominate the political and business communities in that country. In Singapore, we were made aware of terrorist attempts to attack the American Embassy with a plot involving 100 tons of explosives. The federal building in Oklahoma City was destroyed with only 3 tons of explosives.

The major area of concern, however, is the Philippines, and in particular the

province of Mindanao where the notorious Abu Sayyaf Group is kidnapping innocent people and wreaking havoc through bombings and murders. The general populace does not support this element, and have therefore been victimized. Currently at the invitation of the Philippine Government, American troops are in Mindanao advising and training Philippine troops to more effectively combat this terrorist threat. The Philippines is clearly on the frontline in the war against terror.

Now, the major employee in Mindanao is the canned tuna industry. The bill before us will do significant harm to this industry. If the major employer in Mindanao is not able to maintain economic stability, the chaos in Mindanao will be exacerbated. Damaging the economy of Mindanao, as this bill will do, undermines the ongoing U.S.-Philippine counter-terrorism operation. To harm an ally in the war on terror in this manner clearly is not in the national security interest of the United States.

I strongly urge that a solution to this problem be found before the conference report is presented to this body.

Mr. LUGAR. I thank my colleague for that explanation and for bringing this matter to the Senate's attention. I certainly will join him in seeking a solution to this important national security matter. The only fair solution is to maintain tariff parity for our anti-terrorism allies who compete in this market. I believe my colleague from Missouri would like to make a comment.

Mr. BOND. I thank my friend for yielding. I, too, would like to express my concern over the dire consequences extending preferential tariff treatment of packed tuna to the Andean region will have on our ASEAN allies. I believe maintaining stability in Mindanao is of utmost importance and I do not want to see our war on drugs succeed at the expense of our war on international terrorism. I urge our colleagues to address this issue during conference deliberations.

Mr. SARBANES. Mr. President, I rise today to join my colleagues in expressing concerns about the effects, however unintended, that the proposed duty-free status for Andean nations would have on the canned tuna industry in the Philippines. I refer specifically to the status that would be accorded to canned tuna imports from Ecuador. I spoke during the debate on the harm the current provisions will do to the Philippine economy and how seriously it will undermine the anti-terrorist efforts in the Philippines and elsewhere in Southeast Asia. But I want to point out again that the tuna industry in the Philippines is located in precisely the area where anti-terrorist efforts are most urgently needed.

Clearly a multitude of issues are involved in any trade legislation. This issue is too important to be ignored and it is my hope that this serious problem will be resolved in the conference report when it comes before us for final passage.

Mr. LUGAR. For the benefit of our colleagues, I will ask that two recent articles from the New York Times and one from the Asian Wall Street Journal be printed in the RECORD at the end of this colloquy. These articles detail the importance of the tuna industry to Mindanao and its strong connection to counter-terrorism efforts.

Mr. TORRICELLI. I appreciate my colleagues raising this national security issue today. The unintended consequences of biasing our tuna tariffs against the Philippines were brought to my attention by both the Philippine Ambassador, as well as through the work of my distinguished colleagues. I am deeply concerned about how this bill will undermine America's counter-terrorism work in Mindanao and fully support the view that this issue must be resolved before the conference report is presented to the Senate.

Enough has already been said about how undermining Mindanao's largest employer will spread instability, harm America's image, and waste past taxpayer investment in a critically important region. I do not need to elaborate further on those points. I would like to take just a moment, however, to highlight for my colleagues how this ill-advised provision came to be. The House Ways and Means Committee initially added it to their Andean trade bill. It was not part of the administration's request for Andean counter-narcotics legislation. It was added without a hearing and without examination of the na-

tional security implications of making this change in trade law.

When the bill came before the Senate Finance Committee, the committee voted to limit the extent of the preference granted to the Andean countries. I supported that change as an improvement in the bill, but it did not go far enough to resolve the matter. I was hopeful that suggestions made by Senators INOUE and STEVENS might be included into this bill to actually solve the problem created by this tuna provision. Fixing this provision on the floor, however, will not now be possible. Therefore, I join my colleagues in urging that parity be maintained for all America's friends seeking to participate in our tuna market. Tipping the balance of this market toward one group and away from another is unfair, wasteful, shortsighted, and counter to America's broader international interests.

Mr. BIDEN. Mr. President, assisting Andean countries combat illicit narcotics is an important national security goal for the United States. The Foreign Relations Committee has heard considerable testimony from the administration and other witnesses as to the importance of this issue, both for the United States and for the maintenance of democracy in South America. Much effort and resources are already being devoted to this important goal, and the Administration plans to do still more. The Andean Trade Preferences Act extension passed by the Senate adds important additional support to this effort.

At the same time, however, the United States and our allies are also engaged in a war against terrorism. Defeating global terrorism is a goal no less important than eradicating narcotics trafficking. One of the frontline States in the war against terrorism is the Philippines where, at the invitation of the Philippine Government, U.S. troops have been deployed to train the Armed Forces of the Philippines in counterterrorism. The reason our joint counterterrorism mission with the Philippines is relevant to discussion of the Andean trade bill is because one provision contained in this bill, in a laudable effort to support the legitimate economies of Andean countries, will seriously damage our counter-terrorism effort in the Philippines.

The problematic provision is one that would give preference to Andean countries that export tuna to the United States. The primary loser in the tuna market would be countries in the Asia-Pacific region, especially our close treaty allies Thailand and the Philippines. Moreover, the Philippines' tuna industry is based in the southern province of Mindanao, precisely the region in which we are engaged in our counterterrorism mission. Indeed, Mindanao's tuna industry is in part the result of a successful U.S. foreign assistance program which helped develop economic alternatives for Muslim insurgents that have been active in the

region for many years. I say this economic development program has been successful in Mindanao because most of the former insurgents have laid down their weapons and joined mainstream life in the Philippines. Only the most radical remain terrorists.

So, in the Philippines today we have a successful counterterrorism effort underway that incorporates both economic incentives to give people a reason to participate in civil society, and military action against the few extremists who remain committed to violence. We cannot afford to remove one of the pillars of this effort by giving a competing trade advantage to Andean countries. This must be corrected as this bill moves to conference.

Mr. LUGAR. As stated at the beginning of this colloquy, in addition to the Philippines, the economies of Thailand and Indonesia may also be impacted by this bill. We are hoping the points expressed in this colloquy will be addressed in conference.

Mr. President, I ask unanimous consent that the newspaper articles to which I referred earlier be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, May 21, 2002]

REDUCED TARIFFS FOR SOME NATIONS STRAINS RELATIONS WITH OTHERS  
(By Keith Bradsher)

GENERAL SANTOS CITY, the PHILIPPINES, May 16.—How should the United States set its tariffs and trade rules, globally or country-by-country?

It is no arid academic debate to the tuna fishermen of this knockabout port city on the south coast of Mindanao, nor to sugar cutters in the Caribbean or garment workers in Pakistan. Faraway changes in American fine print can have very real, sometimes unintended consequences.

A move in Congress to extend trade preferences to Andean nations, in part to help wean their economies off coca production, could lead to the layoff of thousands of Muslim workers in the tuna industry here, even as American troops help the Philippine army fight Abu Sayyaf Muslim insurgents in this region.

In Pakistan, officials have struggled to win a larger quota for textile shipments to the United States as a reward for Islamabad's help during the conflict in Afghanistan. And in the Caribbean, the emergence of any especially pro-American government brings a request for a larger quota to ship sugar to the high-priced, highly protected American market.

By returning to the pre-1922 practice of awarding preferential trade treatment to certain countries and regions, often for political rather than economic reasons, Washington now finds itself constantly badgered for trade concessions by whatever friendly nation is in the news at any given moment.

This is the problem that "most favored nation" status was supposed to solve. When countries won that status—as nearly all of America's trading partners did in recent decades—they were assured that their exports would get the same tariff treatment as any other, and that generally, concessions awarded to one would be awarded to all.

After the ruinous bilateral trade competition in Europe in the 1930's, the United States backed a global adoption of the same

approach, leading in the decades after World War II to the international trade rules enshrined in the General Agreement on Tariffs and Trade and later to the creation of the World Trade Organization.

"The history of trade negotiations basically was that, because of the bilateral special deals that inevitably made other nations unhappy, we came around to most-favored-nation treatment and GATT negotiations," said William Cline, a senior economist at the Institute for International Economics in Washington.

Up through the 1980's, most economists criticized regional trade agreements as just as bad as bilateral deals. Beyond making winners of some countries and losers of others, regional blocs can be bad for global efficiency, by promoting importers to favor a higher-cost producer within the bloc over a lower-cost producer outside whose goods are still subject to high tariffs and quotas.

Global trade agreements minimize such drawbacks, because these days very few countries remain outside them. But global treaties are becoming increasingly difficult to conclude. The last was wrapped up in Geneva in 1993; talks meant to produce the next one did not get under way until last November in Doha, Qatar, and are expected to take years.

But the regional free trade concept has become fashionable again, in great part because of the success of the European Union, which hugely increased trade among its 15 members by eliminating tariffs and trade barriers. It helped inspire the 1992 North American Free Trade Agreement—joining the United States, Canada and Mexico—as well as several other regional groupings.

One provision of the Nafta treaty helped set off the dispute now roiling American efforts to retain the support of the Philippines in the war on terrorism.

Among the tariffs to be eliminated within North America by the treaty is the American duty on canned tuna imported from Mexico. It will not disappear until 2008, and for the moment it means little because Mexico, well north of the equatorial waters where the best fishing grounds are found, has a tiny tuna industry. But tuna from other countries is subject to duty of up to 35 percent, creating a big incentive for Mexico to build up its tuna fleet, despite the high labor and fuel costs for the long journeys to where the tuna swim.

Several smaller Central American and Caribbean nations also have small tuna fleets; three years ago, Congress agreed to phase out tuna duties for them on the same timetable.

To the Andean nations of South America, these concessions posed a serious threat—that preferential access to the United States would soon make big new competitors out of Mexico and Central America. The United States had lower tariffs on many products from Andean nations like Ecuador and Colombia in 1991, but canned tuna was not among them. When the 1991 concessions came up for renewal last year, the Andean nations, supported by Starkist, demanded that they be expanded to include canned tuna.

Ecuador has a huge tuna fishing fleet, and Colombia a smaller one; both countries are eager to create jobs that do not depend on narcotics trafficking. That persuaded the House of Representatives to approve a bill earlier this year that would immediately eliminate duty on Andean tuna.

A more limited bill that would phase out duty on about a third of current shipment is before the Senate as part of a broader trade bill. If it passes, differences between the provisions would be worked out in a conference of senators and representatives.

Now it is the Philippines' turn to feel threatened. Letting Ecuador and Colombia, but not the Philippines, ship tuna to the United States duty free would be both unfair and unwise, officials in Manila are warning, because of the hardship it would create in this poor, Muslim and sometimes rebellious part of the country, where terrorists are believed to be active. "We understand you want to do this because of narcotics," said Manuel A. Roxas II, the country's secretary of trade and industry, "but terrorism is just as important."

Washington has been on notice for some time that this kind of chain reaction of anger and demands for relief was likely to develop. An influential report by the United States Tariff Commission foresaw that special deals for some countries would "lead to claims from states outside the agreement which, if granted, defeat the purpose of the treaties, and which, if not granted, occasion the preferring of a charge of disloyalty to treaty obligations."

The report was published in 1919.

[From the New York Times, May 16, 2002]

#### DRUGS, TERROR AND TUNA: HOW GOALS CLASH (By Keith Bradsher)

GENERAL SANTOS CITY, THE PHILIPPINES, MAY 15.—This industrial city on the southern coast of Mindanao Island illustrates how America's various strategic aims in the wars on drugs and terrorism can clash, alienating important allies engaged in battling terrorism.

Among leaders of the Philippines' important tuna industry here, resentment is running high over trade legislation now on the Senate floor in Washington. The bill includes a provision to eliminate steep import taxes on canned tuna from Andean nations while keeping taxes in place for other countries like the Philippines.

The provision has attracted Congressional support because it is seen as bolstering America's war on drugs. The idea is that the bill help create well-paid jobs in Ecuador and Colombia as an alternative to the drug trade.

But in another war—the one against terrorism—the legislation is causing anger in a country that has become an important part of the administration's plans.

It comes at a time when 600 American soldiers are helping the Philippine Army track Abu Sayyaf Muslim insurgents in the southernmost Philippines, and President Gloria Macapagal Arroyo has staked much political capital on helping the United States fight terrorism.

Virtually all of the tuna industry of the Philippines is located here and it employs thousands of migrant workers from small Muslim fishing communities that used to be bastions of various Muslim insurgencies. Local officials warn that the legislation could wipe out the tuna industry.

President Arroyo said that passage of the trade provision would deal a severe blow to the economy here while handing a propaganda victory to the Abu Sayyaf movement.

The combination would create heavy domestic pressure for the Philippines to retreat from its active support for the American war on terrorism, she warned in a telephone interview tonight.

"I will try very hard not to, but I will be under tremendous pressure," she said.

In much of the developing world, including Latin America and Africa, trade restrictions on tariffs on products ranging from steel to textiles are causing growing resentment toward the United States. The perception that the Bush administration is a projectionist one is growing.

President Arroyo argued that General Santos, the main city on the southern coast

of Mindanao and home to most of the Philippines' tune fishing fleet and canneries, was central both to the economic future of this region and to the fight against terrorism.

A powerful pipe bomb with nails exploded on a crowded sidewalk outside a supermarket here on April 21, killing 15 people and wounding dozens. A second pipe bomb was safely defused before it exploded at another supermarket the same day, and two shopping complexes have recently burned down here in the middle of the night in separate, unexplained incidents.

Police detectives here say that they are still unsure whether the attacks were terrorist incidents, criminal attempts at extortion or some combination of the two. But President Arroyo expresses no such doubts, saying tonight, "The Abu Sayyaf has been trying to get into General Santos and it has been very difficult for us to justify our support for the United States."

In a city where tunas festoon everything from billboards to restaurant signs, and where even the golf tournament is the Tuna Cup, the fishing industry's influence is impossible to miss.

Workers heave baskets of fish onto crude steel carts, which they then pull by hand over to a long open-sided shed. Women wash and sort the fish on long tables, the concrete floor beneath them dark and slippery with fish blood. A few larger tuna, some the size of a man, are carried individually to large, white boxes packed with half-melted ice, to be shipped directly to Japan to be turned into sashimi.

Renato Alonzo, 47, a fisherman in a ragged T-shirt and flip-flops whose boat had just docked after two weeks at sea, said that he had sold his tiny farm and joined a boat crew 10 years ago after learning he could nearly double his income, to roughly \$4,000 a year. Now he can afford to send his two sons, aged 12 and 8, to school.

The bustling fishing port here and the nearby row of tuna canneries contrast sharply with most of Mindanao, where peasants still toil on subsistence farms and on large pineapple and coconut plantations. Years of drought, coupled with inadequate irrigation, have crippled agriculture while the global glut of low-priced steel has forced the closing of a big steel mill in northern Mindanao.

The tuna industry here barely existed until the late 1980's when the United States led Japan, Italy and other donor nations in an ambitious foreign aid program aimed at rebuilding the Philippines after the fall of Ferdinand Marcos.

A full-scale guerrilla war being waged in Mindanao then, a far broader conflict than the handful of kidnappings and possibly bombings linked to Abu Sayyaf now. General Santos City was nearly surrounded by several very large insurgencies that attracted poor youths from the island's Muslim minority. The city had a small fishing fleet, but it mostly caught fish for local consumption.

But the world's richest fishing grounds lay between here and Indonesia, although boats from Thailand mainly fished them then. Foreign donors built the fishing port here as well as a large cargo airport, a container port, extensive roads and a modern phone system, hiring security guards from rebel forces and buying sand, gravel and other construction materials from rebel leaders' businesses.

With ready transportation to foreign markets, six big canneries were built, each employing more than 1,000 workers. The only two other tuna canneries in the Philippines are in Zamboanga City in southwestern Mindanao, the staging area for American troops pursuing Abu Sayyaf. Some 30,000 fishermen now supply the canneries.

The tuna boom has helped persuade all of the rebel movements except the Abu Sayyaf

splinter group to lay down their arms under armistices with the government. Many former rebel commanders and foot soldiers have taken jobs at the canneries, which have had no problem with the bombings that have afflicted shopping centers.

Abuhasan Jama is a former major in the Moro National Liberation Front who studied guerrilla warfare in Malaysia in 1979 and 1980 and then spent 13 years fighting the Philippine government in the jungles of Mindanao.

Now he is the security chief at Ocean Canning here, his eldest daughter is in college and he has found jobs at the same cannery for three cousins who are also former guerrillas. "I like to work," said Mr. Jama, 41, recalling that in the jungle "sometimes you'd just eat leaves, the roots."

Mariano M. Fernandex, the general manager of Ocean Canning, said that he used to carry two Smith & Wesson handguns, one strapped on each hip. "It was like the Wild West here," he said, adding that he carries only a cellphone now.

Most of the tuna canned here is sold in the United States under less famous brands like Keisha and Dagim. Bumble Bee and Starkist used to buy large quantities of tuna here but have recently begun relying on Ecuador instead, allowing that country to edge past the Philippines last year to become the second-largest foreign supplier of tuna to the United States, after Thailand.

Starkist in particular is now pushing for the elimination of import tariffs on canned tuna from Ecuador.

[From the Asian Wall Street Journal, May 17, 2002]

POOR COUNTRIES FIND FREE TRADE BRINGS FEW GAINS; TARIFFS ON TUNA TRADE SNAG; PHILIPPINE FISHING CITY: 'WE WERE VERY NAIVE'

(By James Hookway)

The gospel of free trade is wearing thin in this remote fishing city.

Freshly caught deep-sea tuna are so inexpensive here that visitors buy them whole and check them in as luggage at the bustling little airport. Back in Manila, passengers crowd round the baggage claim, hoping for an early glimpse of their catch emerging on the conveyors belt trussed up in yards of plastic wrap.

Being so close to the rich tuna belt in the tropical waters separating the Philippines and Indonesia gives General Santos City a head start that is hard to beat in the fish business. Sashimi and sushi aficionados in Japan prize Philippine tuna for its high quality and low price. Free trade and the advent of the World Trade Organization were supposed to help the town build on that advantage by opening more markets for its fish. Instead, Europe and the U.S. are putting up tariff barriers that threaten the jobs of cannery workers here, stunting economic growth in one of the most volatile corners of Southeast Asia—a place where U.S. soldiers have recently brought the war on terrorism.

And, along with a slew of recent restrictions from rich nations, several of which are headed for the WTO's dispute-resolution process, the tariffs are starting to sour many Filipinos on the free-trade agenda their government enthusiastically signed on to in the 1990s. "We thought the WTO was an idealistic thing, but nobody is abiding by its true spirit," says Domingo Teng, who leads the local tuna federation in between fishing trips. "We were very naive."

That's a perception many poorer countries are beginning to share. A ground-swell of skepticism about the WTO has been building steadily since the pied piper of free trade, the U.S., imposed duties of as much as 30%

on steel imports in February. Thailand and Indonesia quickly followed suit, and a month later, Malaysia imposed its own 50% steel tariff. Developing countries, especially India, Pakistan and Egypt, bitterly complained that the WTO hadn't done enough to improve access for their products to rich markets at the body's ministerial meeting in Doha, Qatar, in November. The tension eased somewhat when richer countries agreed to further open key agricultural, fishery and textile markets in the next round of trade talks, due to conclude by the end of 2003.

Still, disappointment is rife in Asia, even among committed free traders. "There is a lot of disenchantment," says Alex Magno, president of the Manila-based Foundation for Economic Freedom. "Free trade hasn't produced a lot of winners. What we have here in the Philippines are losers, particularly in garments and other labor-intensive industries. They can't compete with more inexpensive producers such as China." This resentment could worsen soon. President George W. Bush signed a new U.S. farm bill this week that will boost crop and dairy subsidies for American farmers. An 18-nation group of agricultural exporters warns that the scale of the \$180 billion six-year farm-aid program will hurt farmers around the world and threatens negotiations for freer world trade. "The impact will be particularly damaging on developing countries," the group said in a statement released in Geneva on Wednesday.

Of all the developing economies in Asia it was perhaps the Philippines that most enthusiastically embraced free trade in the latter half of the 1990s. While Malaysia carefully protected its car industry and Thailand and Indonesia nurtured their cement markets, the Philippines accelerated a series of tariff reductions. Despite foot-dragging on opening up its retail industry to foreign hypermarkets, among other stalled pledges, the Philippines has generally been keen to shake off the shackles of a protectionist economy that left the country dawdling during Asia's boom years.

Yet while the Philippines has benefited from investments geared toward call centers and microprocessors, more traditional industries that employ the bulk of the country's work force have struggled. In Manila's Divisoria market, the piles of T-shirts and jeans stacked in the stalls arrive from China; just a few years ago, most were made locally. Facing rising unemployment at home, more and more Filipinos are joining the line for visas at the U.S. Embassy in the hope of joining relatives in America. "The orthodoxy that more free trade will lead to better lives has been severely challenged," says Philippine Trade Secretary Manuel Roxas II.

The Philippines is particularly upset with new tariff barriers to the European Union. While tuna from former European colonies in Africa, the Caribbean and the Pacific is levy-free, canned tuna from the Philippines is slapped with a bruising 24% tariff. Mr. Roxas can hardly believe it. "We were a Spanish colony for 300 years," he says. "What more do they want?" EU officials deny that the tariff waiver hurts the Philippine tuna industry.

U.S. legislators, meanwhile, are moving toward reviving 10-year-old reductions in import tariffs on packaged tuna, textiles and cut flowers as a way to wean Ecuador, Bolivia, Peru and Colombia off the drug trade. Senators are being lobbied hard by H.J. Heinz Co.'s StarKist Foods to cut the tariffs. StarKist fishes and cans tuna in Ecuador, and cutting the Latin American tariffs will be a shot in the arm for its business. It would also make Philippine tuna look much more expensive.

Ignoring trade agreements is nothing new, of course, and the WTO hasn't proven to be

particularly speedy at resolving trade disputes. Trade Secretary Roxas, however, is still keen on giving it a go, at least for the time being. "Let's see where it gets us," he says. He will soon have his chance. The Philippines' tuna row with Europe is headed for the WTO, as is a dispute with Australia over bananas. Manila is anxious to increase fruit exports to Australia, but farmers there have successfully lobbied the government to keep restrictions in place. Politicians in Canberra explain that scientists haven't finished checking whether Philippine bananas are disease-free and safe to import. The country harbors five diseases, collectively known as the Black Plague. Australian farmers worry that such imports could decimate their crops, and government quarantine officials now are conducting a risk analysis on importing the bananas, which isn't likely to be completed soon. Meanwhile, Philippine President Gloria Macapagal Arroyo finds it difficult to contain her frustration. "Sad to say, sanitary requirements and technical standards now seem to be the weapon of choice for protectionists," she told business leaders in Malaysia.

But it is the tuna industry that stirs the strongest passions. General Santos City, carefully mapped out just before World War II, features broad, quite avenues instead of the packed and pot-holed roads found in most Philippine cities. But this sleepy backwater is also a place where fortunes are made.

The source of those riches lies in the natural deep-water bay the town straddles. Scores of tuna boats steam in every morning to unload their cargo at the town's gleaming port, sometimes after three months at sea. A kilometer or two down the road, the General Tuna Corp. cannery churns out more than 300,000 cans of tuna a day for brands such as Chicken of the Sea, Century Tuna and Fresca. Other factories line the coast nearby. Outrigger boats meanwhile, head out to deeper waters in the hope of landing a bluefin tuna. In Tokyo, bluefin retail for around the price of a Toyota Corolla.

"When I first came here in 1991, there wasn't much of anything," recalls Neil del Rosario, plant manager at the General Tuna cannery. "Now there are hardware stores, beauty parlors, restaurants. McDonald's is coming here soon. The tuna industry has made such a big impact on the community."

More than half of General Santos's 400,000 citizens are dependent on tuna in one form or another. Mr. Teng, the head of the fishing federation, says many more jobs would be created if the tariffs are dropped quickly. "This place could really take off," he says.

The tuna industry can also help stabilize one of the more volatile corners of Southeast Asia. Not far from General Santos, about 1,000 U.S. special forces are training Philippine troops to track down a Muslim guerrilla group linked to Osama bin Laden's al-Qaeda network. The Abu Sayyaf has kidnapped scores of foreigners over the past few years, and is currently holding hostage an American missionary couple and a Filipino nurse. To the north, a larger but less violent rebel army is in peace talks with the Philippine government.

The 30-year-old uprising has killed more than 120,000 people and severely retarded Mindanao's economy. The tuna industry, however, helps provide jobs for Muslims who might otherwise be tempted to join the decades-old rebellion against Christian domination.

Government officials argue that if the U.S. is willing to waive tariffs in Latin America to aid its war on drugs, then it should also lift barriers on the Philippine tuna trade to help the war on terrorism. For the time being, though, General Santos will have to

tighten its belt. General Tuna has cut back to running at 75% capacity; other canneries are running at just half-time. And if there isn't any work, there isn't any pay. Mr. Teng is beginning to worry about the consequences of the trade war.

"We need development before there is peace," he says. "Let's give these rebels the chance to come down out of the hills. Maybe they can become millionaires too."

#### SIXTIETH ANNIVERSARY OF THE BATTLE OF MIDWAY

Mr. LUGAR. Mr. President today marks the 60th anniversary of the first day of a battle that is regarded as the turning point of the war in the Pacific and that many historians list as one of the two or three most significant naval battles in recorded history. I am speaking, of course, about June 4, 1942, the beginning of the 3-day naval engagement known as the Battle of Midway.

At 10:25 a.m. a Japanese armada including four carriers was steaming east toward Midway Island, 1,150 miles west of Pearl Harbor in the Central Pacific. Its objectives: Invade the strategically situated atoll, seize the U.S. base and airstrip, and (if possible) destroy what remained of our Pacific fleet after the surprise attack on Pearl Harbor the preceding December.

At 10:30 a.m. three of the four Japanese carriers and their aircraft were a flaming shambles. Moments before, Japanese fighter cover had swatted down torpedo bomber squadrons from the U.S. carriers *Enterprise*, *Hornet*, and *Yorktown*, the final, fatal mission for 35 of 41 American planes and 68 of 82 pilots and gunners. But their courageous attack had drawn the fighters down to deck level, leaving the skies nearly empty for the 37 U.S. dive bombers who then appeared and, in five fateful minutes, changed the course of history. By nightfall, the fourth Japanese carrier, too, was a blazing wreck, a fitting coda to a day that reversed forever the military fortunes of Imperial Japan.

"So ended," wrote Churchill, "the battle of June 4, rightly regarded as the turning point of the war in the Pacific." "The annals of war at sea," he intoned, "present no more intense, heart-shaking shock" than Midway and its precursor in the Coral Sea, battles where "the bravery and self-devotion of the American airmen and sailors and the nerve and skill of their leaders was the foundation of all."

Few today pause to remember Midway, now six decades past. And I call the Senate's attention to this for it was indeed a turning point in a war that to that point had few bright spots, and which launched us on the road to eventual victory.

I'd also like to call attention to one American who's nerve and skill were paramount in leading American forces to this pivotal victory which saw the demise of the four carriers that had attacked Pearl Harbor six months earlier. Raymond Ames Spruance was an unlikely figure, a little-known, soft-spoken, publicity-averse 56-year-old

Rear Admiral from Indiana. Yet it is doubtful that any other American in uniform contributed more than this quiet Hoosier to our World War II triumph—a foundation for every blessing of peace and prosperity we now enjoy.

When I was 13, I heard Admiral Spruance speak. He was visiting Shortridge High School in Indianapolis, his alma mater and soon to be mine. Only years later did I really understand how important he had been to achieving victory in the Pacific and subsequent victories, including 1945's hard-fought invasion of Iwo Jima. It was Spruance who made the crucial decision at Midway to launch all available aircraft, which led to devastation of the enemy carriers. He then preserved the victory, instinctively resisting Japanese attempts during the next two days to lure the American fleet into a trap.

Throughout Spruance's 45-year Navy career, he maintained the unassuming attitude that downplayed his own role at Midway. And, unlike some of his contemporaries, Spruance avoided self-promotion. One consequence was that he forwent levels of recognition accorded others.

As you may be aware, near the end of the war, Congress authorized four five-star positions each in the Army and Navy. The new Generals of the Army were George Marshall, Douglas MacArthur, Dwight Eisenhower and Henry "Hap" Arnold. The first three five-star Admirals were Chester Nimitz, Ernest King, and William Daniel Leahy. But an internal battle raged for months over whether the fourth Fleet Admiral would be the colorful William "Bull" Halsey (who was ultimately selected) or his less flamboyant colleague, the victor at Midway. Later, when Congress authorized another five-star post for the "GI General," Omar Bradley, it overlooked creating a fifth Navy five-star opening, which unquestionably would have gone to Bradley's ocean-going counterpart, Raymond Spruance.

Among all the War's combat admirals "there was no one to equal Spruance," wrote famed Navy historian Samuel Morison. "He envied no man, regarded no one as rival, won the respect of all with whom he came in contact, and went ahead in his quiet way winning victories for his country."

As some of you know, I introduced legislation to correct this oversight. Some of you have joined me in sponsoring S. 508, and I encourage my other colleagues to do the same because what we choose to honor says a great deal about who we are. Like many of the veterans of the Battle of Midway, Raymond Spruance's humility and character stand in contrast to much of what our political and popular culture "honors" today. Much of what our political and popular culture "honors" today, with celebrity and fortune and swarms of media attention, is the foolish and flighty, the sensational and self-indulgent. Too often, the pursuits made possible by freedom are unworthy

of the sacrifices that preserved freedom itself.

No one lived the values of freedom and service more fully or nobly, and with less thought of personal fame, than Raymond Spruance. On any list of the great Allied military leaders of World War II, his character and his contributions stand in the very first rank. It is fitting and proper for us now to award him rank commensurate with his character and contributions.

When complimented on Midway years after the War, Spruance said, "There were a hundred Spruances in the Navy. They just happened to pick me for the job." Herman Wouk's masterful "War And Remembrance" has the best rejoinder, which the author puts in the mouth of a fictional wartime adversary: "In fact, there was only one Spruance and luck gave him, at a fateful hour, to America."

In June 1942, all of America drew strength from the victory at Midway. Today, the nation and the Naval service celebrate that victory and we continue to draw strength from the brave contributions of the men who nobly fought 60 years ago and those who there made the ultimate sacrifice as they turned the tide of a very perilous war.

#### SPOKANE TRIBE OF INDIANS OF THE SPOKANE RESERVATION GRAND COULEE DAM EQUITABLE COMPENSATION SETTLEMENT ACT

Ms. CANTWELL. Mr. President, on Thursday, May 23, 2002, I, along with my distinguished colleagues Senator MURRAY from Washington State and Senator INOUE from Hawaii, introduced the Spokane Tribe of Indians of the Spokane Reservation Grand Coulee Dam Equitable Compensation Act. In 1994, Congress passed legislation providing the Confederated Tribes of the Colville Reservation with a settlement for the losses the tribe incurred from the construction of the Grand Coulee Dam. The legislation we are introducing today will provide a proportional settlement for similar losses experienced by the Spokane Tribe.

The Grand Coulee Dam is an integral part of the Northwest's power scheme. As the largest concrete dam in the world and the world's third largest producer of electricity, the Grand Coulee Dam enables the Bonneville Power Administration, BPA, to fulfill its legal obligation of providing the Northwest with an "adequate, efficient, economical and reliable power supply." My state and all of BPA's customers greatly benefit from the Grand Coulee Dam.

Since the beginning of the project in the early 1930s, Federal officials acknowledged that the tribes affected by the construction of the dam were entitled to compensation for their losses. The Spokane Tribe is now asking Congress to follow through on that promise.